



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
MARSHALL COUNTY SHERIFF**

Calendar Year 1999

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY
MARSHALL COUNTY
TERRY ANDERSON, COUNTY SHERIFF
CALENDAR YEAR 1999
FEE AUDIT

Description of Office:

The office of the County Sheriff is mandated and regulated by state laws and regulations. The Sheriff has been charged with the responsibility of collecting taxes and providing protection to the public.

Audit Results:

The auditor has issued a clean opinion on the Sheriff's financial statement for the period January 1, 1999 through December 31, 1999. There are no comments or recommendations in the audit report.

Statement of Receipts, Disbursements, and Excess Fees:

The financial statement of the Sheriff for calendar year 1999 reflects excess fees of \$15,384, which have been paid to the county.

Changes in Administration:

Sheriff Anderson took office in July 1998, 1999 is his first full year as Sheriff of Marshall County.

Notes to the Financial Statement:

Grants and Kentucky Law Enforcement Foundation Program Fund-

The Marshall County Sheriff's office received three grants during calendar 1999 totaling \$52,961. These grants included the Community Oriented Policing Services Grant from the U.S. Department of Justice in the amount of \$29,387 and the Tri-County Drug Task Force Grant from the Kentucky Justice Cabinet in the amount of \$18,574. The third grant was a Local Law Enforcement Block Grant from the Department of Justice in the amount of \$5,000 for the purpose of purchasing equipment for the Sheriff's Office.

The Marshall County Sheriff's office participates in the Kentucky Law Enforcement Training Incentive Program administered by the Department of Justice. This program is designed to encourage officers to become more adequately trained. Under this program, the Sheriff's office received \$50,863 during 1999.

Subsequent Event-

During our audit, the Sheriff notified us that a former deputy was paid training incentive funds after he left the employment of the Sheriff's office. The Sheriff has conducted an investigation of this matter and is now in negotiations with the former deputy's attorney in order to have these funds returned to the Marshall County Sheriff's office. If the negotiations are not fruitful in this regard, criminal charges are possible. In our opinion, the Sheriff is properly handling this matter.

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Mike Miller, Marshall County Judge/Executive
Honorable Terry Anderson, Marshall County Sheriff
Members of the Marshall County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Marshall County, Kentucky, for the year ended December 31, 1999. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Mike Miller, Marshall County Judge/Executive
Honorable Terry Anderson, Marshall County Sheriff
Members of the Marshall County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated October 4, 2000, on our consideration of the County Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
October 4, 2000

MARSHALL COUNTY
TERRY ANDERSON, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

Federal Grant		\$	2,639
State Equipment Grant			5,000
State Fees For Services:			
Finance and Administration Cabinet	\$	20,551	
Training Incentive Program		<u>50,863</u>	71,414
Circuit Court Clerk:			
Sheriff Security Service	\$	22,186	
Fines and Fees Collected		<u>7,984</u>	30,170
Fiscal Court:			
Quarterly Advance	\$	160,000	
COPS-Reimbursements		29,387	
Drug Task Force		18,574	
Transportation of Prisoners		<u>1,350</u>	209,311
County Clerk - Delinquent Taxes			6,206
Commission On Taxes Collected			413,760
Fees Collected For Services:			
Auto Inspections	\$	14,029	
Accident and Police Reports		617	
Serving Papers		20,020	
Transporting Prisoners		13,815	
Other:			
Add on Fees		68,642	
School Resource Officer		25,833	
Carrying Concealed Deadly Weapon Permits		12,254	
Sheriff Fees and Advertising Costs		10,950	
Jury Meals		383	
Fire Arm Sales		5,518	
Impounded Vehicle		440	
Polygraph Test		750	

MARSHALL COUNTY
TERRY ANDERSON, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 1999
(Continued)

Receipts (Continued)

Other: (Continued)

Insurance Reimbursement	\$	8,225	
Other Reimbursements		10,081	
Miscellaneous		<u>235</u>	\$ 191,792

Interest Earned			6,299
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Borrowed Money:

State Advancement			<u>118,055</u>
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Gross Receipts			\$ 1,054,646
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Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$	484,554
Other Salaries		16,045
Overtime Salaries		42,474
Incentive Training Program		50,863

Employee Benefits-

Employer's Share FICA - Incentive Program		3,090
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Contracted Services-

Advertising		7,564
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Materials and Supplies-

Office Materials and Supplies		44,432
Uniforms		10,544

Auto Expense-

Mileage		7,606
Vehicle Insurance		187

Other Charges-

Dues		485
Postage		11,402
Insurance		2,000
Bond		1,202

MARSHALL COUNTY
TERRY ANDERSON, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 1999
(Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay: (Continued)

Other Charges- (Continued)

Jury Meals	\$ 383
Vehicle Expense	53,964
Wrecker Bills for Impounded Vehicles	50
Transporting Prisoners	3,711
Radar Expense	1,110
Radio Repair	6,955
Out of County Travel	6,358
Breathalyzer Tests	364
K-9 Expense	1,702
Cellular Expense	4,991
Carrying Concealed Deadly Weapon Permits	7,470
Miscellaneous	3,535
Training	1,780

Capital Outlay-

Office Equipment	21,192
Officer Equipment	4,692
Vehicles	64,800

Debt Service:

State Advancement	<u>118,055</u>
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Total Disbursements	\$ 983,560
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Net Receipts	\$ 71,086
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Less: Statutory Maximum	<u>55,702</u>
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Excess Fees Due County for Calendar Year 1999	\$ 15,384
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Payments to County Treasurer - April 17, 2000	\$ 15,150
October 4, 2000	<u>234</u>
	<u>15,384</u>

Balance Due at Completion of Audit	<u><u>\$ 0</u></u>
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The accompanying notes are an integral part of the financial statement.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 17.55 percent.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1999
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Lease

The Marshall County Sheriff's office was committed to a lease agreement with MPH Industries for a radar machine. This lease agreement was fulfilled on May 27, 1999.

Note 5. Drug Fund

The Marshall County Sheriff's office has a drug fund established by an order of the Circuit Court. Receipts result from the forfeiture of money and property, donations, and interest. The funds are spent for supplies, equipment, vehicles, and drug awareness programs. The balance as of January 1, 1999 was \$7,688. During the calendar year 1999, there were receipts of \$16,692 and disbursements of \$10,519, leaving a balance of \$13,861 as of December 31, 1999.

Note 6. Drug Awareness Resistance Education Fund (DARE)

The Marshall County Sheriff's office has established a DARE fund. Receipts come from the DARE national organization headquarters, donations, and interest. The balance as of January 1, 1999 was \$3,947. During the calendar year 1999, there were receipts of \$572 and disbursements of \$2,561, leaving a balance of \$1,958 as of December 31, 1999.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1999
(Continued)

Note 7. Grants

The Marshall County Sheriff's office received three grants during calendar 1999. The Marshall County Fiscal Court was the subgrantee on two of these grants and administered these grants to the Sheriff's office. These grants included the Community Oriented Policing Services Grant from the U.S. Department of Justice in the amount of \$29,387 and the Tri-County Drug Task Force Grant from the Kentucky Justice Cabinet in the amount of \$18,574. The third grant was a Local Law Enforcement Block Grant from the Department of Justice in the amount of \$5,000 for the purpose of purchasing equipment for the Sheriff's office.

Note 8. Kentucky Law Enforcement Foundation Program Fund

The Marshall County Sheriff's office participates in the Kentucky Law Enforcement Training Incentive Program administered by the Department of Justice. This program is designed to encourage officers to become more adequately trained. Under this program, the Sheriff's office received \$50,863 during 1999.

Note 9. Subsequent Event

During our audit, the Sheriff notified us that a former deputy was paid training incentive funds after he left the employment of the Sheriff's office. The Sheriff has conducted an investigation of this matter and is now in negotiations with the former deputy's attorney in order to have these funds returned to the Marshall County Sheriff's office. If the negotiations are not fruitful in this regard, criminal charges are possible. In our opinion, the Sheriff is properly handling this matter.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Mike Miller, Marshall County Judge/Executive
Honorable Terry Anderson, Marshall County Sheriff
Members of the Marshall County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Marshall County Sheriff as of December 31, 1999, and have issued our report thereon dated October 4, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Marshall County Sheriff's financial statement as of December 31, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Marshall County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable Mike Miller, Marshall County Judge/Executive
Honorable Terry Anderson, Marshall County Sheriff
Members of the Marshall County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
October 4, 2000

